

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Korea - Republic of**

## **Grain and Feed Update**

**October 2015**

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**Report Highlights:**

Post revises rice production upward, despite a decline in planted area, based on record average yields of 5.33 MT/ha, due to favorable weather in September. Rice production is now estimated at 4.26 MMT in MY 2015/16. As a result, ending stocks are expected to increase by 300,000 MT to 1.5 MMT. MY 2015/16 wheat consumption and imports remain unchanged at 3.85 MMT and 4.0 MMT, respectively, while MY 2015/16 corn consumption is raised slightly to 10.1 MMT due to sustained high levels of animal inventories, and imports are increased to 10 MMT.

**Post:**  
Seoul

**Commodities:**  
Wheat

Corn

Rice, Milled

**Author Defined:**  
WHEAT

**Production:**  
Wheat production remains unchanged from the previous report.

| Korea: Wheat Production |                         |              |                |
|-------------------------|-------------------------|--------------|----------------|
| Crop Year               | Harvested Area(Hectare) | Yield(MT/HA) | Production(MT) |
| 2006                    | 1,738                   | 3.34         | 5,810          |
| 2007                    | 1,928                   | 3.81         | 7,624          |
| 2008                    | 2,549                   | 4.06         | 10,359         |
| 2009                    | 5,067                   | 5.15         | 26,087         |
| 2010                    | 12,548                  | 3.12         | 39,116         |
| 2011                    | 13,044                  | 3.35         | 43,677         |
| 2012                    | 9,467                   | 3.91         | 37,014         |
| 2013                    | 7,373                   | 3.68         | 27,130         |
| 2014                    | 7,180                   | 3.26         | 23,409         |
| 2015 <sup>a/</sup>      | 10,076                  | 3.55         | 35,800         |

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS/Seoul forecast; yield is based on five year average.

**Consumption:**

The MY 2015/16 wheat consumption forecast remains unchanged at 3.85 million tons from the earlier forecast. The feed wheat consumption forecast remains unchanged at 1.5 million tons from the earlier forecast.

| Korea: Post Estimates of Domestic Wheat Use<br>(1,000 MT, July/June) |              |              |                       |                       |
|--|--------------|--------------|-----------------------|-----------------------|
| Year   | 2012/13      | 2013/14      | 2014/15 <sup>c/</sup> | 2015/16 <sup>c/</sup> |
| Imported Milling Wheat <sup>1/</sup>                                 | 2,193        | 2,132        | 2,165                 | 2,150                 |
| Imported Milling Wheat <sup>2/</sup>                                 | 167          | 180          | 180                   | 180                   |
| Flour Imports <sup>a/</sup>  | 39           | 30           | 44                    | 35                    |
| Flour Exports <sup>a/</sup>  | 62           | 58           | 61                    | 65                    |
| Pasta Imports <sup>a/</sup>  | 135          | 150          | 143                   | 155                   |
| Pasta Exports <sup>a/</sup>  | 130          | 140          | 135                   | 140                   |
| Local Wheat  | 37           | 27           | 23                    | 36                    |
| <b>FSI Consumption <sup>b/</sup></b>                                 | <b>2,379</b> | <b>2,321</b> | <b>2,359</b>          | <b>2,351</b>          |
| Feed Wheat   | 2,818        | 1,936        | 1,479                 | 1,500                 |
| <b>Total Consumption <sup>b/</sup></b>                               | <b>5,197</b> | <b>4,257</b> | <b>3,838</b>          | <b>3,851</b>          |

Source: Korea Feed Association (KFA), Korea Flour Millers Industry Association (KOFMIA) and Korea Customs Service (KCS)

a/ Wheat basis

b/ include local wheat, flour imports and pasta imports but exclude flour exports and pasta exports

c/ FAS/Seoul forecast

1/ KOFMIA members  
2/ non- KOFMIA member

| <b>Korea: Monthly Wheat Use</b><br>(1,000 MT) |              |            |                  |            |
|---|--------------|------------|------------------|------------|
| Month   | Feed Wheat   |            | Milling Wheat a/ |            |
|   | MY 2014/15   | MY 2015/16 | MY 2014/15       | MY 2015/16 |
| July  | 129          | 124        | 183              | 181        |
| August  | 121          | 119        | 175              | 170        |
| <b>Subtotal</b>                               | <b>250</b>   | <b>243</b> | <b>358</b>       | <b>351</b> |
| September                                     | 126          | na         | 166              | na         |
| October                                       | 134          | na         | 179              | na         |
| November                                      | 130          | na         | 172              | na         |
| December                                      | 143          | na         | 186              | na         |
| January                                       | 115          | na         | 194              | na         |
| February                                      | 103          | na         | 152              | na         |
| March   | 116          | na         | 183              | na         |
| April   | 117          | na         | 176              | na         |
| May   | 119          | na         | 172              | na         |
| June  | 125          | na         | 177              | na         |
| <b>Total</b>                                  | <b>1,479</b> | <b>na</b>  | <b>2,115</b>     | <b>na</b>  |

Source: KFA and KOFMIA

a/ includes wheat flour exports, but excludes the portion used in soy-sauce production

#### Trade:

MY 2015/16 wheat import forecast remains unchanged from the initial projection of 4 million tons, of which, 2.5 million tons are for milling (including flour and pasta imports on a wheat equivalent basis) and 1.5 million tons for feed. Milling wheat for flour processing is expected to stay around 2.3 million tons. The import forecast hinges to a large extent on the continued availability of feed wheat, while milling wheat demand remains stagnant.

As of early October 2015, Korean feed millers have completed contracts for delivery of feed grade wheat for the first ten months of MY 2015/2016 (Jul/Jun) at around 1.3 million tons, as feed grade wheat has been less competitive than corn for feed.

| <b>Korea: MY 2015/16 Feed Wheat Contracts</b><br>by<br><b>Estimated Time of Arrival (ETA)</b><br>(Unit: 1,000 MT, as of Sept. 22, 2015) |              |                              |
|---|--------------|------------------------------|
| ETA   | Quantity     | Price (USD/MT) <sup>1/</sup> |
| Jul. 2015   | 0            | 0                            |
| Aug.  | 233          | 213.96                       |
| Sep.  | 159          | 205.77                       |
| Oct.  | 232          | 203.47                       |
| Nov.  | 116          | 202.60                       |
| Dec.  | 55           | 205.30                       |
| Jan. 2016   | 123          | 201.77                       |
| Feb.  | 85           | 200.73                       |
| Mar.  | 120          | 198.47                       |
| Apr.  | 160          | 195.92                       |
| <b>Total</b>  | <b>1,286</b> |                              |

Source: Local Grain Traders

1/ CNF on Weighted Average

| Korea: Wheat Imports<br>(1,000 MT, Customs Cleared Basis) |            |               |                             |                            |       |
|---|------------|---------------|-----------------------------|----------------------------|-------|
| Marketing Year<br>(July/June)                             | Feed Wheat | Milling Wheat | Flour Imports <sup>1/</sup> | Pasta Import <sup>1/</sup> | Total |
| 05/06   | 1,536      | 2,220         | 41                          | 101                        | 3,898 |
| 06/07   | 976        | 2,298         | 69                          | 108                        | 3,451 |
| 07/08   | 565        | 2,317         | 105                         | 117                        | 3,104 |
| 08/09   | 1,151      | 2,058         | 69                          | 105                        | 3,383 |
| 09/10   | 2,164      | 2,071         | 127                         | 119                        | 4,481 |
| 10/11   | 2,075      | 2,520         | 63                          | 123                        | 4,781 |
| 11/12   | 2,868      | 2,169         | 42                          | 122                        | 5,201 |
| 12/13   | 2,820      | 2,461         | 39                          | 135                        | 5,455 |
| 13/14   | 1,948      | 2,181         | 30                          | 150                        | 4,309 |
| 14/15   | 1,391      | 2,370         | 44                          | 143                        | 3,948 |
| 15/16 <sup>2/</sup>                                       | 1,500      | 2,300         | 40                          | 160                        | 4,000 |

Source: Korea Customs Service

1/ Wheat basis

2/ FAS/Seoul forecast

| Korea: MY 2015/16 Monthly Wheat Imports by Origin<br>(1,000 MT, based on Customs Clearance) |            |            |            |           |                         |              |
|---|------------|------------|------------|-----------|-------------------------|--------------|
| Country   | U. S.      | Australia  | Canada     | India     | Other                   | Total        |
| <b>Milling Wheat</b>  |            |            |            |           |                         |              |
| 2015 July   | 116        | 114        | 13         | 0         | 1                       | 244          |
| August  | 37         | 96         | 0          | 0         | 0                       | 133          |
| September   | 96         | 94         | 33         | 0         | 1                       | 224          |
| <b>Total(Jul-Sep) 2015</b>  | <b>248</b> | <b>304</b> | <b>47</b>  | <b>0</b>  | <b>2</b>                | <b>600</b>   |
| Total(Jul-Sep) 2014   | 302        | 185        | 62         | 0         | 0                       | 550          |
| <b>Feed Wheat</b>   |            |            |            |           |                         |              |
| 2015 July   | 0          | 0          | 0          | 0         | 162                     | 162          |
| August  | 0          | 0          | 0          | 0         | 58                      | 58           |
| September   | 0          | 0          | 0          | 0         | 211                     | 211          |
| <b>Total(Jul-Sep) 2015</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>  | <b>431<sup>a/</sup></b> | <b>431</b>   |
| Total(Jul-Sep) 2014   | 47         | 0          | 99         | 10        | 115                     | 271          |
| <b>Total Wheat</b>  |            |            |            |           |                         |              |
| 2015 July   | 116        | 114        | 13         | 0         | 163                     | 406          |
| August  | 37         | 96         | 0          | 0         | 58                      | 191          |
| September   | 96         | 94         | 33         | 0         | 212                     | 435          |
| <b>Total(Jul-Sep) 2015</b>  | <b>248</b> | <b>304</b> | <b>46</b>  | <b>0</b>  | <b>432</b>              | <b>1,033</b> |
| <b>Total(Jul-Sep) 2014</b>  | <b>349</b> | <b>185</b> | <b>160</b> | <b>10</b> | <b>115</b>              | <b>821</b>   |

Source: Korea Customs Service

a/ Ukraine (166,104 MT); France (159,979 MT); Bulgaria (63,922 MT); Denmark (42,039 MT)

## Production, Supply and Demand Data Statistics:

### Wheat PS&D

| Wheat              | 2013/2014        |          | 2014/2015        |          | 2015/2016        |          |
|--------------------|------------------|----------|------------------|----------|------------------|----------|
| Market Begin Year  | Jul 2013         |          | Jul 2014         |          | July 2016        |          |
| Korea, Republic of | USDA<br>Official | New Post | USDA<br>Official | New Post | USDA<br>Official | New Post |
| Area Harvested     | 7                | 7        | 7                | 7        | 10               | 10       |
| Beginning Stocks   | 1521             | 1521     | 1437             | 1402     | 1411             | 1339     |

|                           |      |      |      |      |      |      |
|---------------------------|------|------|------|------|------|------|
| <b>Production</b>         | 27   | 27   | 23   | 23   | 36   | 36   |
| <b>MY Imports</b>         | 4288 | 4309 | 3942 | 3948 | 4200 | 4000 |
| <b>TY Imports</b>         | 4288 | 4309 | 3942 | 3948 | 4200 | 4000 |
| <b>TY Imp. from U.S.</b>  | 1409 | 1220 | 1160 | 1234 | 0    | 1300 |
| <b>Total Supply</b>       | 5836 | 5857 | 5402 | 5373 | 5647 | 5375 |
| <b>MY Exports</b>         | 144  | 198  | 153  | 196  | 150  | 200  |
| <b>TY Exports</b>         | 144  | 198  | 153  | 196  | 150  | 200  |
| <b>Feed and Residual</b>  | 1936 | 1936 | 1479 | 1479 | 1500 | 1500 |
| <b>FSI Consumption</b>    | 2319 | 2321 | 2359 | 2359 | 2351 | 2351 |
| <b>Total Consumption</b>  | 4255 | 4257 | 3838 | 3838 | 3851 | 3851 |
| <b>Ending Stocks</b>      | 1437 | 1402 | 1411 | 1339 | 1646 | 1324 |
| <b>Total Distribution</b> | 5836 | 5857 | 5402 | 5373 | 5647 | 5375 |
|                           |      |      |      |      |      |      |
| (1000 HA) ,(1000 MT)      |      |      |      |      |      |      |

## CORN

### Production:

Post's corn production estimate remains unchanged from the previous report based on the preceding five-year average yield. The Korean government is expected to release official production figures for 2015 in May 2016.

| <b>Korea: Corn Production</b> |           |               |                 |
|-------------------------------|-----------|---------------|-----------------|
| Crop Year                     | Area (HA) | Yield (MT/HA) | Production (MT) |
| 2006                          | 13,661    | 4.73          | 64,623          |
| 2007                          | 16,981    | 4.82          | 83,513          |
| 2008                          | 18,366    | 5.05          | 92,830          |
| 2009                          | 15,326    | 5.02          | 76,975          |
| 2010                          | 15,528    | 4.79          | 74,339          |
| 2011                          | 15,823    | 4.65          | 73,612          |
| 2012                          | 17,001    | 4.89          | 83,210          |
| 2013                          | 15,905    | 5.06          | 80,465          |
| 2014                          | 15,839    | 5.18          | 82,008          |
| 2015 <sup>a/</sup>            | 15,800    | 4.91          | 77,640          |

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS/Seoul projection based on five-year average yield

### Consumption:

The MY 2015/16 corn consumption forecast has been revised to 10.1 million tons, up 0.1 million tons from post's previous forecast due to greater demand for feed grade corn in view of maintaining higher levels of animal inventories, meanwhile corn consumption for food and processing purposes remains stagnant at 2.1 million tons.

MY 2014/15 corn consumption estimate is revised up to 10.2 million tons from the previous forecast due to greater demand of food processing purpose, which is composed of 8 million tons for feed purposes and 2.2 million tons for food, seed and industrial (FSI) purposes.

On the basis of the first eleven months, MY 2014/15 compound feed production is expected to stay around 19 million tons due to strong growth in the poultry sector offsetting the reduction in beef and dairy cattle, while swine numbers stayed strong and steady despite slow growth of animal inventory affected by the earlier outbreaks of FMD and PED.

For the first eleven months, poultry compound feed production increased by 8.5 percent and swine by 0.3 percent, respectively, over the same period in the previous marketing year, while compound feed production for cattle declined by 6.5 percent.

The corn inclusion rate in total compound feed production is expected to be at 42 percent in MY 2014/15, up one percent from the previous year, with feed wheat use declining.

Major corn processors have continued using conventional corn imported from Serbia, Brazil, Ukraine, Russia, Hungary, Romania, Australia and Bulgaria, and non-GM corn imported from the United States for food. Many Korean food processing companies are reluctant to use ingredients sourced from biotech corn.

| <b>Korea: Total Corn Utilization</b><br>(Oct./Sept., 1,000 MT) |       |                  |            |        |
|--|-------|------------------|------------|--------|
| Marketing Year   | Feed  | Processing<br>a/ | Food<br>b/ | Total  |
| 2008/09  | 6,368 | 1,418            | 108        | 7,894  |
| 2009/10  | 6,362 | 1,928            | 92         | 8,382  |
| 2010/11  | 6,074 | 2,051            | 89         | 8,214  |
| 2011/12  | 5,690 | 2,036            | 89         | 7,815  |
| 2012/13  | 6,483 | 1,900            | 98         | 8,481  |
| 2013/14  | 7,762 | 2,034            | 95         | 9,891  |
| 2014/15 <sup>c/</sup>  | 8,000 | 2,100            | 93         | 10,193 |
| 2015/16 <sup>d/</sup>  | 8,000 | 2,000            | 95         | 10,095 |

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ based on the imports for the first eleven months.

d/ FAS Seoul forecast

| <b>Korea: Monthly Corn Use</b><br>(1,000 MT) |              |              |                 |              |
|--|--------------|--------------|-----------------|--------------|
| Month  | Feed Corn    |              | Processing Corn |              |
|  | MY 2013/14   | MY 2014/15   | MY 2013/14      | MY 2014/15   |
| October                                      | 588          | 676          | 175             | 180          |
| November                                     | 596          | 621          | 165             | 178          |
| December                                     | 687          | 707          | 164             | 169          |
| January                                      | 703          | 635          | 161             | 170          |
| February                                     | 632          | 602          | 148             | 155          |
| March  | 653          | 668          | 180             | 187          |
| April  | 664          | 658          | 171             | 178          |
| May  | 669          | 679          | 177             | 182          |
| June   | 646          | 703          | 176             | 181          |
| July   | 659          | 701          | 184             | 183          |
| August                                       | 626          | 655          | 175             | 181          |
| <b>S. Total</b>                              | <b>7,092</b> | <b>7,303</b> | <b>1,876</b>    | <b>1,945</b> |
| September                                    | 639          | na           | 159             | na           |
| <b>Total</b>                                 | <b>7,762</b> | <b>na</b>    | <b>2,034</b>    | <b>na</b>    |

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

| <b>Korea: Feed Ingredient Use for Compound Feed Production</b><br>(October/September, 1,000 MT) |            |            |                          |                          |
|---|------------|------------|--------------------------|--------------------------|
| Items   | MY 2012/13 | MY 2013/14 | MY 2014/15 <sup>a/</sup> | MY 2015/16 <sup>b/</sup> |
| Sub. Total Grains and Grain Substitutes   | 12,115     | 12,080     | 12,200                   | 12,200                   |
| - Wheat   | 2,710      | 1,633      | 1,470                    | 1,500                    |
| - Corn  | 6,483      | 7,762      | 8,000                    | 8,000                    |
| - Other Grains and Grain Substitute <sup>c/</sup>   | 2,992      | 2,685      | 2,730                    | 2,700                    |
| Others <sup>d/</sup>  | 6,698      | 6,758      | 6,800                    | 6,800                    |

|             |        |        |        |        |
|-------------|--------|--------|--------|--------|
| Grand Total | 18,883 | 18,838 | 19,000 | 19,000 |
|-------------|--------|--------|--------|--------|

Source: Korea Feed Association (KFA)

a/ FAS Seoul estimate based on the feed ingredient use for the first eleven months

b/ FAS Seoul forecast

c/ includes Tapioca, bran and gluten feed.

d/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

| Korea: Compound Feed Production by Species<br>(October/September, 1,000 MT) |            |                          |                          |                          |
|---|------------|--------------------------|--------------------------|--------------------------|
| Species   | MY 2012/13 | MY 2013/14 <sup>a/</sup> | MY 2014/15 <sup>b/</sup> | MY 2015/16 <sup>c/</sup> |
| Poultry   | 4,726      | 5,107                    | 5,500                    | 5,400                    |
| Swine   | 6,100      | 6,015                    | 6,100                    | 6,300                    |
| Cattle  | 6,572      | 6,388                    | 6,000                    | 5,900                    |
| Others <sup>d/</sup>  | 1,483      | 1,314                    | 1,400                    | 1,400                    |
| Total   | 18,881     | 18,824                   | 19,000                   | 19,000                   |

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ Preliminary

b/ FAS/Seoul estimate based on feed production for the first eleven months

c/ FAS/Seoul forecast

d/ include ducks, rabbit, horse, sheep, deer, quail etc

| Korea: Compound Feed Production Comparison by Species<br>for<br>the First Eleven Months<br>(October/May, 1,000 MT) |            |            |        |
|--|------------|------------|--------|
| Species  | MY 2013/14 | MY 2014/15 | Change |
| Poultry  | 4,695      | 5,096      | +8.5   |
| Swine  | 5,518      | 5,534      | +0.3   |
| Cattle   | 5,869      | 5,488      | -6.5   |
| Others   | 1,205      | 1,268      | +5.2   |
| Total  | 17,245     | 17,386     | +0.8   |

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

### Trade:

MY 2015/16 total corn imports are forecast at 10 million tons, up 0.2 million tons from post's earlier forecast due to continued high animal inventories. Processing corn imports is expected to remain stagnant at 2 million tons. As of early October 2015, Korean buyers have almost completed delivery of corn contracts for the first five months of the current marketing year 2015/16, approaching about four million tons, and continue to make new contracts for delivery in March 2015 onward.

Most of the contracted purchases to date were from worldwide sources including South America, Eastern Europe and the United States at seller's option. In view of global corn prices, grain traders predict for the time that most of the contracts will be shipped from the United States, South America, Eastern Europe or Black Sea.

In MY 2014/15, total corn imports were completed at 10.2 million tons, up 0.2 million tons from the Post's earlier estimate of 10 million tons to meet a greater demand for both feed corn and corn processing, but down 0.2 million tons from the record corn imports in the previous year. U.S. corn dominated the Korean market, supplying about 40 percent of total imports, followed by Brazil (20 percent), Ukraine (17 percent) and Russia (6 percent); however, it is a decline in market share from the previous marketing year.

| Korea: Corn Imports<br>(1,000MT, Customs Cleared Basis) |            |            |       |                |            |       |             |
|---|------------|------------|-------|----------------|------------|-------|-------------|
| Marketing Year  | From World |            |       | From the U. S. |            |       | U. S. Share |
|   | Feed       | Processing | Total | Feed           | Processing | Total | %           |
| 07/08   | 7,680      | 1,629      | 9,309 | 7,259          | 1,077      | 8,336 | 90          |
| 08/09   | 5,781      | 1,431      | 7,212 | 4,883          | 921        | 5,804 | 80          |

|                     |       |       |        |       |       |       |    |
|---------------------|-------|-------|--------|-------|-------|-------|----|
| 09/10               | 6,457 | 2,003 | 8,460  | 6,097 | 1,407 | 7,504 | 89 |
| 10/11               | 6,060 | 2,047 | 8,107  | 5,183 | 1,133 | 6,316 | 78 |
| 11/12               | 5,600 | 2,035 | 7,635  | 3,450 | 307   | 3,757 | 49 |
| 12/13               | 6,230 | 1,944 | 8,174  | 341   | 115   | 456   | 6  |
| 13/14               | 8,319 | 2,086 | 10,405 | 3,769 | 842   | 4,611 | 44 |
| 14/15               | 8,055 | 2,112 | 10,167 | 3,495 | 527   | 4,022 | 40 |
| 15/16 <sup>a/</sup> | 8,000 | 2,000 | 10,000 | 3,500 | 500   | 4,000 | 40 |

Source: Korea Customs Service

a/ FAS/Seoul forecast

| Korea: Monthly Corn Import<br>(1,000 MT, Customs Cleared Basis) |              |              |                 |              |
|---|--------------|--------------|-----------------|--------------|
| Month   | Feed Corn    |              | Processing Corn |              |
|   | MY 2013/14   | MY 2014/15   | MY 2013/14      | MY 2014/15   |
| October   | 620          | 846          | 131             | 181          |
| November  | 631          | 465          | 178             | 183          |
| December  | 975          | 750          | 222             | 137          |
| January   | 885          | 743          | 118             | 168          |
| February  | 829          | 558          | 170             | 138          |
| March   | 488          | 636          | 158             | 258          |
| April   | 664          | 759          | 234             | 145          |
| May   | 698          | 689          | 166             | 162          |
| June  | 540          | 636          | 300             | 208          |
| July  | 591          | 693          | 85              | 166          |
| August  | 658          | 671          | 112             | 177          |
| September   | 740          | 609          | 212             | 188          |
| <b>Total</b>  | <b>8,319</b> | <b>8,055</b> | <b>2,086</b>    | <b>2,112</b> |

Source: Korea Customs Service

| Korea: MY 2015/16 Corn Contracts <sup>1/</sup> by Estimated Time of Arrival (ETA)<br>(Unit: 1,000 MT, as of Sep. 2015) |           |                      |          |                      |              |                     |
|--|-----------|----------------------|----------|----------------------|--------------|---------------------|
| ETA  | U.S.      | Europe <sup>4/</sup> | SOAM     | Others <sup>2/</sup> | Total        | Price <sup>3/</sup> |
| Oct. 2015  | 55        | 0                    | 0        | 888                  | 943          | 195                 |
| Nov.   | 0         | 108                  | 0        | 678                  | 786          | 195                 |
| Dec.   | 0         | 100                  | 0        | 610                  | 710          | 189                 |
| Jan. 2016  | 0         | 60                   | 0        | 548                  | 608          | 190                 |
| Feb.   | 0         | 60                   | 0        | 586                  | 646          | 187                 |
| Mar.   | 0         | 0                    | 0        | 264                  | 264          | 187                 |
| Jun.   | 0         | 0                    | 0        | 50                   | 50           | 199                 |
| <b>Total</b>   | <b>55</b> | <b>328</b>           | <b>0</b> | <b>3,624</b>         | <b>4,007</b> |                     |

Source: Local Grain Traders

1/ reflecting 90-95 percent of actual contracts due to the omission of some data on contracts

2/ optional origins at seller's option out of USA, SOAM (South America) or Europe

3/ USD/MT, CNF on Weighted Average

4/ include Eastern Europe and Black Sea

## Production, Supply and Demand Data Statistics:

### Corn PS&D

| Corn               | 2013/2014        |          | 2014/2015        |          | 2015/2016        |          |
|--------------------|------------------|----------|------------------|----------|------------------|----------|
| Market Begin Year  | Oct 2013         |          | Oct 2014         |          | Oct 2016         |          |
| Korea, Republic of | USDA<br>Official | New Post | USDA<br>Official | New Post | USDA<br>Official | New Post |



|                           |       |       |       |       |       |       |
|---------------------------|-------|-------|-------|-------|-------|-------|
| <b>Area Harvested</b>     | 16    | 16    | 16    | 16    | 16    | 16    |
| <b>Beginning Stocks</b>   | 1265  | 1265  | 1860  | 1859  | 1842  | 1909  |
| <b>Production</b>         | 80    | 80    | 82    | 82    | 77    | 77    |
| <b>MY Imports</b>         | 10406 | 10405 | 10000 | 10168 | 10000 | 10000 |
| <b>TY Imports</b>         | 10406 | 10405 | 10000 | 10168 | 10000 | 10000 |
| <b>TY Imp. from U.S.</b>  | 5312  | 4611  | 0     | 4022  | 0     | 4000  |
| <b>Total Supply</b>       | 11751 | 11750 | 11942 | 12109 | 11919 | 11986 |
| <b>MY Exports</b>         | 0     | 0     | 0     | 0     | 0     | 0     |
| <b>TY Exports</b>         | 0     | 0     | 0     | 0     | 0     | 0     |
| <b>Feed and Residual</b>  | 7762  | 7762  | 8000  | 8000  | 8000  | 8000  |
| <b>FSI Consumption</b>    | 2129  | 2129  | 2100  | 2200  | 2100  | 2100  |
| <b>Total Consumption</b>  | 9891  | 9891  | 10100 | 10200 | 10100 | 10100 |
| <b>Ending Stocks</b>      | 1860  | 1859  | 1842  | 1909  | 1819  | 1886  |
| <b>Total Distribution</b> | 11751 | 11750 | 11942 | 12109 | 11919 | 11986 |
|                           |       |       |       |       |       |       |
| (1000 HA) ,(1000 MT)      |       |       |       |       |       |       |

## Corn Import Trade Matrix

|                            |                    |               |              |
|----------------------------|--------------------|---------------|--------------|
| <b>Import Trade Matrix</b> |                    |               |              |
| <b>Country</b>             | Korea, Republic of |               |              |
| <b>Commodity</b>           | Corn               |               |              |
| <b>Time Period</b>         | Oct/Sept           | <b>Units:</b> | 1,000MT      |
| <b>Imports for:</b>        | 2013               |               | <b>2014</b>  |
| U.S.                       | 4611               | U.S.          | 4022         |
| Others                     |                    | Others        |              |
| Brazil                     | 1980               | Brazil        | 2079         |
| Ukraine                    | 1760               | Ukraine       | 1750         |
| Russia                     | 804                | Russia        | 623          |
| Serbia                     | 406                | Serbia        | 492          |
| Argentina                  | 358                | Argentina     | 435          |
| South Africa               | 167                | Hungary       | 312          |
| Romania                    | 110                | Romania       | 198          |
| Australia                  | 59                 | South Africa  | 147          |
| Hungary                    | 50                 | Australia     | 47           |
| France                     | 49                 |               |              |
| Total for Others           | 5743               |               | 6083         |
| Others not Listed          | 51                 |               | 63           |
| <b>Grand Total</b>         | <b>10405</b>       |               | <b>10168</b> |

Source: Korea Customs Service (KCS)

| <b>Korea: Animal Inventory</b><br>(1,000 Head, 1,000 Birds, as of September 2015) |      |       |       |           |          |
|---|------|-------|-------|-----------|----------|
| Animal  | Year | March | June  | September | December |
| Beef Cattle   | 2011 | 2,881 | 3,053 | 3,044     | 2,950    |
|   | 2012 | 2,940 | 3,109 | 3,143     | 3,059    |
|   | 2013 | 2,966 | 3,064 | 3,043     | 2,918    |

|              |      |        |         |        |                 |
|--------------|------|--------|---------|--------|-----------------|
|              | 2014 | 2,811  | 2,879   | 2,820  | 2,759           |
|              | 2015 | 2,659  | 2,748   | 2,753  | 2,680d/         |
| Dairy Cattle | 2011 | 396    | 403     | 404    | 404             |
|              | 2012 | 404    | 410     | 417    | 420             |
|              | 2013 | 420    | 419     | 422    | 424             |
|              | 2014 | 428    | 424     | 429    | 431             |
|              | 2015 | 425    | 418     | 418    | 410-412c/       |
|              |      |        |         |        |                 |
| Swine        | 2011 | 7,036  | 7,330   | 7,783  | 8,171           |
|              | 2012 | 8,852  | 9,432   | 9,937  | 9,916           |
|              | 2013 | 10,107 | 10,181  | 10,188 | 9,912           |
|              | 2014 | 9,698  | 9,680   | 9,966  | 10,090          |
|              | 2015 | 9,971  | 10,018  | 10,332 | 10,100-10,300c/ |
| Layer a/     | 2010 | 62,524 | 61,586  | 60,095 | 61,700          |
|              | 2011 | 61,025 | 60,723  | 61,212 | 62,425          |
|              | 2012 | 63,200 | 61,953  | 61,326 | 61,344          |
|              | 2013 | 62,340 | 60,610  | 62,674 | 64,824          |
|              | 2014 | 64,572 | 62,851  | 65,263 | 67,674          |
|              | 2015 | 68,878 | 67,907  | 72,090 | na              |
| Broiler b/   | 2010 | 72,692 | 101,690 | 71,271 | 77,871          |
|              | 2011 | 69,932 | 110,122 | 71,038 | 76,435          |
|              | 2012 | 69,387 | 97,750  | 68,540 | 76,130          |
|              | 2013 | 71,938 | 95,898  | 64,505 | 76,487          |
|              | 2014 | 77,879 | 103,593 | 75,846 | 77,746          |
|              | 2015 | 82,749 | 110,489 | 81,184 | na              |

Source: Korea Statistics (KOSTAT) and Korea Rural Economic Institute (KREI)

a/ Excluding breeders.

b/ Excluding multi-use broilers

c/ KREI forecast

d/ FAS Seoul forecast

## RICE

### PRODUCTION

Statistics Korea (KOSTAT) released 2015 rice production estimate at 4.26 million metric tons (MMT) based on a nationwide survey of 6,500 rice fields conducted from September 15 to 21, 2015.

The survey results show total harvested acreage at 799,344 HA, which is a 2.0 percent decline from the previous year. However, despite declining acreage, favorable weather in September during the critical filling stage resulted in the highest recorded yield, reaching a similar level compared with last year. KOSTAT is expected to release its final production estimate shortly after the rice harvest is completed in mid-November.

Therefore, Post's forecast for rice production in MY 2015/16 is revised up to 4.26 million metric tons (MMT), up 6.5 percent from the initial forecast of Korea's rice production.

#### Area

Rice area has continued to decrease annually – ranging from 5,000 HA to 38,000 HA every year since 2001. Area decrease in 2015 was similar level compared to last year in response to a greater demand from housing and building complexes and conversion of rice paddy land to upland for production of more profitable cash crops.

| Korea: 2015 Rice Production Forecast |                      |                               |
|--------------------------------------|----------------------|-------------------------------|
|                                      | 2014 Rice Production | 2015 Rice Production Forecast |
| Area (1,000 HA)                      | 816                  | 799                           |
| Yield (Kg/10a)                       | 520                  | 533                           |
| Production (1,000MT)                 | 4,241                | 4,260                         |

Source: Statistics Korea (KOSTAT)

| <b>Korea: Rice Area and Production Estimate per Province<br/>(September 15 Crop Survey Basis)</b> |                |         |            |                         |           |            |
|---|----------------|---------|------------|-------------------------|-----------|------------|
|   | Area (Hectare) |         |            | Production (Metric ton) |           |            |
| Crop Year   | 2014           | 2015    | Change (%) | 2014                    | 2015      | Change (%) |
| National Total  | 815,506        | 799,344 | -2.0       | 4,240,739               | 4,258,013 | 0.4        |
| Kyonggi   | 86,472         | 82,071  | -5.1       | 426,425                 | 412,882   | -3.2       |
| Kangwon   | 33,126         | 32,300  | -2.5       | 173,588                 | 170,330   | -3.5       |
| Chungbuk  | 40,653         | 39,786  | -2.1       | 215,456                 | 213,253   | -1.0       |
| Chungnam  | 148,684        | 146,319 | -1.6       | 835,669                 | 827,715   | -1.0       |
| Chonbuk   | 124,089        | 121,765 | -1.9       | 679,393                 | 680,028   | 0.1        |
| Chonnam   | 169,585        | 170,185 | 0.4        | 809,201                 | 857,224   | 5.9        |
| Kyounbuk  | 106,832        | 104,712 | -2.0       | 570,082                 | 570,459   | 0.1        |
| Kyongnam  | 76,158         | 73,934  | -2.9       | 376,568                 | 382,951   | 1.7        |
| Cheju   | 214            | 128     | -40.2      | 625                     | 424       | -32.2      |
| Cities <sup>1/</sup>  | 29,693         | 28,144  | -5.2       | 153,732                 | 142,747   | -7.1       |

Source: Statistics Korea (KOSTAT)

1/ paddy land located in seven big cities such as Seoul, Pusan etc.

#### Yield

Favorable weather developments increased rice yields to 533Kg per 10 Are, up 2.5 percent from the previous year, which is the record level of bump crop in 2009.

| <b>Korea: Rice Area, Yield and Production</b> |               |                |                               |
|---|---------------|----------------|-------------------------------|
| Crop Year                                     | Area (1,00HA) | Yield (KG/10A) | Production (Milled, 1,000 MT) |
| 2002 a/                                       | 1,053         | 471            | 4,927                         |
| 2003 b/                                       | 1,016         | 441            | 4,451                         |
| 2004  | 1,001         | 504            | 5,000                         |
| 2005  | 980           | 490            | 4,768                         |
| 2006  | 955           | 489            | 4,680                         |
| 2007  | 950           | 464            | 4,408                         |
| 2008  | 936           | 518            | 4,843                         |
| 2009  | 925           | 532            | 4,916                         |
| 2010  | 892           | 482            | 4,295                         |
| 2011  | 854           | 495            | 4,224                         |
| 2012  | 849           | 472            | 4,006                         |
| 2013  | 833           | 508            | 4,230                         |
| 2014  | 816           | 520            | 4,241                         |
| 2015c/  | 799           | 533            | 4,260                         |

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Heavy rains during the summer and the effects of typhoon Rusa (Aug 31 – Sep 1)

b/ Cool and rainy days during the growing season and the effects of typhoon Maemi (Sep 9 - 12)

c/ Statistics Korea (KOSTAT) estimate

#### Government Rice Purchase Program under the Public Food Grain Stockholding Program (PFSP)

The government also purchases rice for price stabilization purposes. Under the Public Food Grain Stockholding Program for Food Security, the Korean government will purchase domestic paddy rice during the harvest season (October-December) at the average market price and sell it during non-harvest periods at the prevailing domestic market price.

Between October and December 2015, the Korean government plans to purchase 360,000 MT (milled basis) of paddy rice representing around 9 percent of the estimated 2015 rice crop production. Additionally, the government plans to

purchase 30,000 tons for the APTERR (ASEAN Plus Three Emergency Rice Reserve), which was established to provide member countries with rice in the event of natural disasters. The total amount of rice agreed upon in July 2013 by the 13 member countries and stored in reserve was 787,000 metric tons including 150,000 metric tons promised by Korea.

| <b>Korea: Government Rice Purchases</b><br>under<br><b>Public Food Grain Stockholding Program (PFSP)</b> |                      |                    |      |
|--|----------------------|--------------------|------|
| Crop Year  | Production(1,000 MT) | Purchase(1,000 MT) | %    |
| 2005   | 4,768                | 719                | 15.1 |
| 2006   | 4,680                | 504                | 10.8 |
| 2007   | 4,408                | 417                | 9.5  |
| 2008   | 4,843                | 400                | 8.3  |
| 2009   | 4,916                | 370                | 7.5  |
| 2010   | 4,295                | 340                | 7.9  |
| 2011   | 4,224                | 261                | 6.2  |
| 2012   | 4,006                | 363                | 9.1  |
| 2013   | 4,230                | 367                | 8.7  |
| 2014   | 4,241                | 610 <sup>a/</sup>  | 14.4 |
| 2015plan   | 4,260                | 360                | 8.5  |

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ includes 240,000 MT to stabilize rice market in addition to 370,000 MT under PFSP.

#### **Government and NACF's Loan Programs**

The Korean government is expected to provide loans for rice millers worth more than 1.2 trillion Korean Won (US\$1 billion) with a special loan rate between 0 and 2 percent per annum this year. The National Agricultural Cooperative Federation (NACF), the national farmers group, also continues to provide about 1.3 trillion Korean Won (US\$1.1 billion) worth of loans to rice farmers/millers with zero interest rate. The main goal of the loan programs is to encourage rice millers to purchase more rice from farmers minimizing the downward pressure of harvest on prices in the rice market. Another bumper crop has caused concerns with rice farmers over the collapsing farm gate price compounded by anxiety over rice market liberalization that has taken effect early this year.

Most rice purchases under the loan programs provided by the Korean government and the NACF will be introduced into the rice retail market through NACF's Rice Processing Complexes (RPCs) and independent RPCs throughout the 2015/16 (Nov/Oct) rice marketing year. Korean rice farmers expect the purchasing measures will help prop up prices during the rice harvest season.

Rice farmers are expected to sell approximately 2 million metric tons during the harvest season including 390,000 MT of government direct purchasing under the Public Food Grain Stockholding Program and APTERR, and 1.6 million metric tons of rice under loan programs.

| <b>Korea: NACF Rice Purchases</b> <sup>a/</sup> |                      |                    |    |
|---|----------------------|--------------------|----|
| Crop Year                                       | Production(1,000 MT) | Purchase(1,000 MT) | %  |
| 2005  | 4,768                | 1,071              | 22 |
| 2006  | 4,680                | 1,306              | 28 |
| 2007  | 4,408                | 1,227              | 28 |
| 2008  | 4,843                | 1,617              | 33 |
| 2009  | 4,916                | 1,950              | 40 |
| 2010  | 4,295                | 1,380              | 32 |
| 2011  | 4,224                | 1,327              | 31 |
| 2012  | 4,006                | 1,331              | 33 |
| 2013  | 4,230                | 1,465              | 35 |
| 2014  | 4,241                | 1,650              | 39 |
| 2015  | 4,260                | na                 | na |

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ exclude independent RPC purchases

b/ plan

## CONSUMPTION

The Korean government's preliminary rice consumption is at 4.42 million MT (MMT) for MY 2013/14 as table rice consumption continues declining. In MY 2014/15, total domestic rice consumption is estimated at 4.45 MMT. MY 2015/16 rice consumption is forecast to continue declining due to downtrend of per capita consumption (table rice basis).

| <b>Korea: Rice Utilization Pattern</b><br>(1,000 MT, milled) |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Rice Year (Nov. - Oct.)                                      | MY 2012/13 <sup>a/</sup> | MY 2013/14 <sup>b/</sup> | MY 2014/15 <sup>c/</sup> | MY 2015/16 <sup>d/</sup> |
| Table Rice   | 3,435                    | 3,340                    | 3,280                    | 3,220                    |
| Processing   | 526                      | 535                      | 550                      | 600                      |
| (for food)   | (470)                    | (457)                    | (460)                    | (460)                    |
| (for liquor)   | (56)                     | (78)                     | (90)                     | (140)                    |
| Seed   | 36                       | 35                       | 35                       | 35                       |
| Other and Loss   | 494                      | 512                      | 583                      | 500                      |
| Total Demand   | 4,491                    | 4,422                    | 4,448                    | 4,355                    |
| Per Capita Table Rice Consumption (Kg)                       | 67.2                     | 65.1                     | 63.9                     | 62.7                     |

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Revised

b/ Preliminary

c/ FAS/Seoul estimate

d/ FAS/Seoul forecast

| <b>Korea: Processing Rice Consumption Pattern</b><br>(1,000 MT, milled) |            |            |                          |                          |
|---|------------|------------|--------------------------|--------------------------|
| Purpose   | MY 2010/11 | MY 2011/12 | MY 2012/13 <sup>a/</sup> | MY 2013/14 <sup>b/</sup> |
| KRFA  | 234        | 248        | 246                      | 227                      |
| KALIA   | 244        | 148        | 56                       | 78                       |
| Others c/   | 166        | 170        | 224                      | 238                      |
| Total   | 644        | 566        | 526                      | 535                      |

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ traditional foods or beverage made of local rice.

Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

## TRADE

In 2015, during the period of special treatment agreed upon under the Minimum Market Access agreement (MMA) ending in December 31, 2014, Korea continues to import the mandatory volume of 408,700 metric tons from Most Favored Nation (MFN) countries at the duty level of 5 percent under the tariff rate quota (TRQ) regime. Accordingly, the aT (Korea Agro-Fisheries and Food Trade Corporation), the government's state trading arm, manages the purchase of all imported rice through a tendering process and subsequent auctions off imported table rice.

### 2015 TRQ Tendering Process:

The Korean government has been making purchases for the 2015 TRQ of 408,700 MT since January 2015. As of August 4, 2015, the aT has purchased 315,524 metric tons of rice (milled basis), about 77 percent of the entire 2015 TRQ import commitment; consisting of 305,027 metric tons of brown rice for processing purposes, equivalent to 274,524 metric tons (milled), 30,000 metric tons of milled rice for table purpose, and 11,000 metric tons of milled broken rice for processing purpose, respectively. The Korean government is expected to continue purchases of the remaining 93,176 metric tons (milled) within calendar year 2015.

The United States has sold 112,352 metric tons of rice (milled basis) worth USD 105 million, about 27 percent of the 2015 entire TRQ; consisting of 102,352 metric tons of medium grain brown rice (or 92,117 metric tons in milled basis) for processing purposes and 20,000 metric tons of milled rice for table purposes, respectively.

| Korea: Rice Contracts by Country under 2015 MFN TRQ <sup>1/</sup><br>(Unit: MT, Milled Basis, as of August 4, 2015) |                |           |               |
|---|----------------|-----------|---------------|
| Country   | MFN TRQ        |           | Total         |
|   | Processing Use | Table Use |               |
| USA   | 92,117         | 20,000    | 112,117(27.4) |
| China   | 140,330        | 10,000    | 150,330(36.8) |
| Thailand  | 6,077          | 0         | 6,077(1.5)    |
| Australia   | 9,000          | 0         | 9,000(2.2)    |
| Vietnam   | 38,000         | 0         | 38,000(9.3)   |
| S. Total  | 285,524        | 30,000    | 315,524(77.2) |
| Open Quota  | 93,176         |           | 93,176(22.8)  |
| G. Total  | 408,700        |           | 408,700(100)  |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

1/ under ongoing process of buying tenders since January 2015

| Korea: U.S. Rice Sales to Korea under 2015 TRQ <sup>1/</sup><br>(ongoing process of buying tenders as of August 4, 2015) |                              |                                  |                                     |              |          |
|--|------------------------------|----------------------------------|-------------------------------------|--------------|----------|
| Contracts  | Milled rice(MT)<br>for Table | Brown rice(MT)<br>for Processing | Unit Price(USD/MT)<br><sup>2/</sup> | Amount (USD) | ETA      |
| 1  | 0                            | 5,000                            | 786.00                              | 3,930,000    | 20150531 |
| 2  | 0                            | 22,000                           | 856.00                              | 18,832,000   | 20150531 |
| 3  | 0                            | 5,000                            | 826.98                              | 4,134,900    | 20150815 |
| 4  | 0                            | 15,000                           | 873.34                              | 13,100,100   | 20150831 |
| 5  | 0                            | 7,000                            | 825.47                              | 5,778,290    | 20150915 |
| 6  | 0                            | 5,000                            | 821.95                              | 4,109,750    | 20150930 |
| 7  | 0                            | 5,000                            | 834.67                              | 4,173,350    | 20150831 |
| 8  | 0                            | 5,000                            | 836.07                              | 4,180,350    | 20151015 |
| 9  | 0                            | 5,000                            | 835.40                              | 4,177,000    | 20151031 |
| 10   | 0                            | 9,000                            | 831.17                              | 7,480,530    | 20151130 |
| 11   | 0                            | 5,000                            | 840.67                              | 4,203,350    | 20151130 |
| 12   | 0                            | 5,352                            | 843.80                              | 4,516,018    | 20151130 |
| 13   | 0                            | 9,000                            | 833.96                              | 7,505,640    | 20151215 |
| 14   | 5,000                        | 0                                | 961.00                              | 4,805,000    | 20151130 |
| 15   | 5,000                        | 0                                | 961.00                              | 4,805,000    | 20151215 |
| 16   | 10,000                       | 0                                | 961.00                              | 9,610,000    | 20160229 |
| Total  | 20,000                       | 102,352a/                        |                                     | 105,341,278  |          |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ equivalent to 92,117 MT, milled basis

1/ under ongoing process of buying tenders since January 2015

2/ CIP for processing purposes and CIF for table purposes

| Korea: 2015 MMA Rice Tender Results<br>(as of August 4, 2015) |             |                            |                                  |         |                    |                         |              |          |             |
|---|-------------|----------------------------|----------------------------------|---------|--------------------|-------------------------|--------------|----------|-------------|
| Bid Date<br>(mm-dd-yy)  | Rice Type   | Volume<br>(Contract Basis) | Volume<br>(Milled Rice<br>Basis) | Origin  | Price<br>(US\$/MT) | Terms and<br>Conditions | delivery Due | Agent    | Supplier    |
| 1/28/2015   | MG #3 Brown | 5,000                      | 4,500                            | USA     | 786.00             | CIP                     | 20150531     | Seo-Mok  | ADM         |
| 1/28/2015   | LG #3 Brown | 15,000                     | 13,500                           | Vietnam | 442.00             | CIP                     | 20150430     | Daewoo   | Vinafood1   |
| 1/28/2015   | LG #3 Brown | 15,000                     | 13,500                           | Vietnam | 449.60             | CIP                     | 20150630     | Daewoo   | Vinafood1   |
| 2/26/2015   | SG #3 Brown | 22,000                     | 19,800                           | China   | 870.00             | CIP                     | 20150531     | Daewoo   | COFCO       |
| 2/26/2015   | MG #3 Brown | 22,000                     | 19,800                           | USA     | 856.00             | CIP                     | 20150531     | Seo-Mok  | ADM         |
| 3/24/2015   | SG #3 Brown | 12,000                     | 10,800                           | China   | 879.85             | CIP                     | 20150630     | Singsong | Jilin Grain |
| 3/24/2015   | SG #3 Brown | 10,000                     | 9,000                            | China   | 879.95             | CIP                     | 20150630     | Singsong | Jilin Grain |
| 3/24/2015   | SG #3 Brown | 11,897                     | 10,707                           | China   | 890.00             | CIP                     | 20150930     | Daewoo   | COFCO       |
| 4/21/2015   | SG #3 Brown | 20,000                     | 18,000                           | China   | 893.50             | CIP                     | 20150815     | Daewoo   | COFCO       |

|           |                    |         |         |           |        |     |          |          |             |
|-----------|--------------------|---------|---------|-----------|--------|-----|----------|----------|-------------|
| 4/21/2015 | SG #3 Brown        | 10,000  | 9,000   | China     | 890.00 | CIP | 20150831 | Singsong | Jilin Grain |
| 4/21/2015 | SG #3 Brown        | 10,000  | 9,000   | China     | 890.00 | CIP | 20150915 | Singsong | Jilin Grain |
| 4/21/2015 | SG #3 Brown        | 10,000  | 9,000   | Australia | 872.90 | CIP | 20150915 | D&B      | Sun Rice    |
| 4/21/2015 | SG #3 Brown        | 5,000   | 4,500   | USA       | 826.98 | CIP | 20150815 | Singsong | ACC         |
| 4/21/2015 | MG #3 Brown        | 5,000   | 4,500   | USA       | 834.67 | CIP | 20150831 | Seo-Mok  | ADM         |
| 4/21/2015 | MG #3 Brown        | 15,000  | 13,500  | USA       | 873.34 | CIP | 20150831 | Seo-Mok  | ADM         |
| 4/21/2015 | MG #3 Brown        | 7,000   | 6,300   | USA       | 825.47 | CIP | 20150915 | Singsong | ACC         |
| 4/21/2015 | MG #3 Brown        | 5,000   | 4,500   | USA       | 821.95 | CIP | 20150930 | Singsong | ACC         |
| 5/21/2015 | SG #3 Brown        | 10,000  | 9,000   | China     | 860.00 | CIP | 20151015 | Singsong | Jilin Grain |
| 5/21/2015 | SG #3 Brown        | 17,026  | 15,323  | China     | 890.00 | CIP | 20151031 | Daewoo   | COFCO       |
| 5/21/2015 | MG #3 Brown        | 5,000   | 4,500   | USA       | 836.07 | CIP | 20151015 | Singsong | ACC         |
| 5/21/2015 | MG #3 Brown        | 5,000   | 4,500   | USA       | 835.40 | CIP | 20151031 | Singsong | ACC         |
| 5/21/2015 | MG #3 Brown        | 9,000   | 8,100   | USA       | 831.17 | CIP | 20151130 | Singsong | ACC         |
| 7/3/2015  | SG #3 Brown        | 15,000  | 13,500  | China     | 893.00 | CIP | 20151130 | Daewoo   | COFCO       |
| 7/3/2015  | MG #3 Brown        | 18,000  | 16,200  | China     | 849.00 | CIP | 20151031 | Daewoo   | COFCO       |
| 7/3/2015  | MG #3 Brown        | 5,000   | 4,500   | USA       | 840.67 | CIP | 20151130 | Seo-Mok  | ADM         |
| 7/3/2015  | MG #3 Brown        | 5,352   | 4,817   | USA       | 843.80 | CIP | 20151130 | D&B      | Sun Rice    |
| 7/3/2015  | MG #3 Brown        | 9,000   | 8,100   | USA       | 833.96 | CIP | 20151215 | Daewoo   | FRC         |
| 7/3/2015  | LG #3 Brown        | 6,752   | 6,077   | Thailand  | 438.34 | CIP | 20151031 | Hyolim   | Chiameng    |
| 7/31/2015 | SG #1 Milled       | 10,000  | 10,000  | China     | 998.78 | CIF | 20160131 | Daewoo   | COFCO       |
| 7/31/2015 | MG #1 Milled       | 5,000   | 5,000   | USA       | 961.00 | CIF | 20151130 | Seo-Mok  | ADM         |
| 7/31/2015 | MG #1 Milled       | 5,000   | 5,000   | USA       | 961.00 | CIF | 20151215 | Seo-Mok  | ADM         |
| 7/31/2015 | MG #1 Milled       | 10,000  | 10,000  | USA       | 961.00 | CIF | 20160229 | Seo-Mok  | ADM         |
| 7/31/2015 | #4 Brewer's Milled | 11,000  | 11,000  | Vietnam   | 384.40 | CIP | 20151130 | Daewoo   | Vinafood1   |
|           | Total              | 346,027 | 315,524 |           |        |     |          |          |             |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

### Selling Auctions of Imported Rice:

aT sells table rice shipments to consumers through a public auction system, while the Ministry of Agriculture, Food and Rural Affairs (MAFRA) distributes processing rice to end-users such as food processors and alcoholic beverage producers at a set price throughout the year.

As a result of increased consumer confidence in U.S. medium grain milled rice, auctions of USDA No. 3 milled rice finished in June 2015 ahead of rice from other origins. Ongoing auction prices of U.S. medium grain milled rice (USDA No. 1) are higher than Chinese short grain milled rice, reflecting higher consumer confidence in U.S. rice than other origins. The progress of auctioning for Chinese rice has been comparably slow, while Thai and Australian milled rice remains in warehouses.

| Korea: Status of Rice Auction for Table Rice under 2014 CSQ<br>(Unit: metric tons, milled basis, as of October 7, 2015) |            |                      |               |         |                            |
|---|------------|----------------------|---------------|---------|----------------------------|
| Commodity   | USDA Grade | Total Table Rice CSQ | Auctioned Off | Balance | Auctioned Off (%)          |
| U.S. Medium Grain   | #1         | 40,056               | 17,058        | 30,939  | 43                         |
|   | #3         | 4,451                | 4,450         | 0       | 100 (as of June 3, 2015)   |
| Chinese Short Grain   | #1         | 47,965               | 13,994        | 33,971  | 29                         |
|   | #3         | 21,433               | 0             | 21,433  | 0                          |
| Australian Medium Grain   | #1         | 2,697                | 0             | 2,697   | 0                          |
|   | #3         | 2,698                | 0             | 2,698   | 0                          |
| Thai Long Grain   | #1         | 3,220                | 411           | 2,809   | 13                         |
| Thai Jasmine Rice   | #1         | 90                   | 90            | 0       | 100 ( as of Aug. 26, 2015) |
| <b>Total</b>  |            | 122,610              | 36,003        | 94,547  | 29                         |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

| Korea: Status of Rice Auction for Table Rice under 2013 CSQ<br>(Unit: metric tons, milled basis, as of July 29, 2015) |            |                      |               |         |                   |
|---|------------|----------------------|---------------|---------|-------------------|
| Commodity   | USDA Grade | Total Table Rice CSQ | Auctioned Off | Balance | Auctioned Off (%) |

|                     |    |         |         |   |                           |
|---------------------|----|---------|---------|---|---------------------------|
| U.S. Medium Grain   | #1 | 61,188  | 61,188  | 0 | 100 (as pf Dec. 24 2014)  |
|                     | #3 | 6,229   | 6,229   | 0 | 100 (as of Oct. 13, 2014) |
| Chinese Short Grain | #1 | 24,507  | 24,504  | 3 | 100(as of Feb 27, 2015)   |
|                     | #3 | 21,435  | 21,435  | 0 | 100(as of Feb 11, 2015)   |
| Thai Long Grain     | #1 | 3,056   | 3,055   | 1 | 100 (as of July 29, 2015) |
| Thai Jasmine Rice   | #1 | 90      | 90      | 0 | 100(as of Oct. 31, 2014)  |
| <b>Total</b>        |    | 116,505 | 116,501 | 4 | 100                       |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

| Korea: Auctioned-Off Prices of Imported Table Rice<br>(Unit: Korean Won per Kg on Average) |                     |                     |                                       |       |                          |                            |       |
|--|---------------------|---------------------|---------------------------------------|-------|--------------------------|----------------------------|-------|
| Auctioning-off Period  | U.S. Medium Grain   |                     | Chinese Short Grain<br>(Medium Grain) |       | Thai Long<br>Grain       | Australian Medium<br>Grain |       |
|  | #1                  | #3                  | #1                                    | #3    | #1                       | #1                         | #3    |
| April-September 2006<br>(2005 MMA)   | 1,138               | 991                 | 1,274                                 | 1,133 | 555                      | none                       | none  |
| March-August 2007<br>(2006 MMA)  | 1,363               | 1,211               | 1,357                                 | 1,303 | 953                      | none                       | none  |
| February-August 2008<br>(2007 MMA)   | 1,542               | 1,510               | 1,487                                 | 1,558 | 1,132                    | none                       | none  |
| February 2009 -May 2010<br>(2008 MMA)  | 1,160               | 994                 | 1,125<br>(1,100)                      | none  | 1,329                    | none                       | none  |
| February 2010-March 2011<br>(2009 MMA)   | 970                 | 881                 | 914<br>(850)                          | 893   | 672                      | none                       | none  |
| April 2011-January 2012<br>(2010 MMA)  | 913                 | 1,074 <sup>a/</sup> | 707                                   | 612   | 518                      | none                       | none  |
| December 2011- October 8, 2013<br>(2011MMA)  | 1,258               | 1,452               | 1,297                                 | 1,501 | (802 <sup>c/</sup> ) 944 | none                       | none  |
| August 2012-September 24,<br>2014 (2012 MMA)   | 1,677               | 1,634               | 1,378                                 | 1,374 | 903                      | 1,299                      | 1,128 |
| July 2013- July 29, 2015<br>(2013 MMA)   | 1,594               | 1,573               | 1,284                                 | 1,318 | 844                      | none                       | none  |
| December 2014- October 7, 2015<br>(2014 MMA)   | 1,397 <sup>b/</sup> | 1,472               | 1,247 <sup>b/</sup>                   | na    | 901 <sup>b/</sup>        | na                         | na    |

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ Auctioned-off during October-December 2011

b/ ongoing

c/ #3

#### Exports:

Korea's rice exports were 1,296 metric tons for the first eight months in CY 2015, with an expectation for the year of slightly less than 2,000 MT. U.S. imports of Korean rice are expected to be higher than the previous year for the period.

| Korea: Rice Export<br>(Milled) |               |                   |                      |                   |
|--------------------------------|---------------|-------------------|----------------------|-------------------|
| Calendar Year                  | To the World  |                   | To the United States |                   |
|                                | Quantity (MT) | Value (US\$1,000) | Quantity (MT)        | Value (US\$1,000) |
| 2005                           | 18            | 89                | 5                    | 5                 |
| 2006                           | 9             | 40                | 0.2                  | 1                 |
| 2007                           | 507           | 1,322             | 333                  | 876               |
| 2008                           | 356           | 829               | 115                  | 285               |
| 2009                           | 4,183         | 7,300             | 443                  | 777               |



|           |       |       |     |     |
|-----------|-------|-------|-----|-----|
| 2010      | 3,765 | 6,394 | 272 | 587 |
| 2011      | 3,782 | 6,277 | 161 | 244 |
| 2012      | 2,223 | 4,424 | 90  | 185 |
| 2013      | 1,517 | 3,363 | 86  | 180 |
| 2014      | 1,684 | 3,894 | 123 | 303 |
| 2015(1-8) | 1,296 | 2,913 | 206 | 627 |

Source: Korea Customs Service (KCS)

#### Stocks:

MY 2015/16 ending stocks (through the end of October 2016) are forecast to increase to 1.5 million tons or 35 percent of total anticipated consumption as rice production in the past three years has been greater than actual demand with the decline of per capita table rice consumption continuing. MY 2014/15 stocks (at the end of October 2015) are estimated at about 1.1 million tons or 26 percent of total domestic consumption.

| <b>Korea: Status of Rice Stocks</b><br>(Milled rice, 1,000 MT, as of end October) |         |         |           |           |           |           |
|---|---------|---------|-----------|-----------|-----------|-----------|
| Rice Year (Nov.-Oct.)   | 2010/11 | 2011/12 | 2012/13a/ | 2013/14b/ | 2014/15c/ | 2015/16c/ |
| Total   | 1,034   | 730     | 755       | 899       | 1,140     | 1,513     |
| Government Stock  | 984     | 730     | 755       | 899       | 1,140     | 1,513     |
| -Domestic Rice  | 696     | 487     | na        | na        | na        | na        |
| -Imported Rice  | 288     | 243     | na        | na        | na        | na        |
| Civil Stock   | 50      | 0       | 0         | 0         | 0         | 0         |

Source: FAS/Seoul Estimate based on MAFRA data

a/ MAFRA Preliminary

b/ FAS/Seoul Preliminary

c/ FAS/Seoul forecast

#### Production, Supply and Demand Data Statistics:

Rice PS&D

| Rice, Milled             | 2013/2014     |          | 2014/2015     |          | 2015/2016     |          |
|--------------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year        | Nov 2013      |          | Nov 2014      |          | Nov 2016      |          |
| Korea, Republic of       | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested           | 833           | 833      | 816           | 816      | 799           | 799      |
| Beginning Stocks         | 780           | 780      | 899           | 899      | 1158          | 1140     |
| Milled Production        | 4230          | 4230     | 4241          | 4241     | 4000          | 4260     |
| Rough Production         | 5632          | 5632     | 5638          | 5638     | 5318          | 5663     |
| Milling Rate (.9999)     | 7511          | 7511     | 7522          | 7522     | 7522          | 7522     |
| MY Imports               | 313           | 313      | 470           | 450      | 410           | 470      |
| TY Imports               | 379           | 379      | 450           | 370      | 410           | 410      |
| TY Imp. from U.S.        | 38            | 38       | 0             | 140      | 0             | 140      |
| Total Supply             | 5323          | 5323     | 5610          | 5590     | 5568          | 5870     |
| MY Exports               | 2             | 2        | 2             | 2        | 2             | 2        |
| TY Exports               | 2             | 2        | 2             | 2        | 2             | 2        |
| Consumption and Residual | 4422          | 4422     | 4450          | 4448     | 4360          | 4355     |
| Ending Stocks            | 899           | 899      | 1158          | 1140     | 1206          | 1513     |
| Total Distribution       | 5323          | 5323     | 5610          | 5590     | 5568          | 5870     |
|                          |               |          |               |          |               |          |

(1000 HA) ,(1000 MT)

#### Appendix

| Korea: Monthly Wholesale Price of Milled Rice<br>(High Quality) |              |             |              |             |         |        |
|---|--------------|-------------|--------------|-------------|---------|--------|
| Month\Year  | CY 2013      |             | CY 2014      |             | CY 2015 |        |
|   | Won/Kg       | USD/Kg      | Won/Kg       | USD/Kg      | Won/Kg  | USD/Kg |
| January   | 2,200        | 2.07        | 2,180        | 2.05        | 2,070   | 1.90   |
| February  | 2,200        | 2.03        | 2,180        | 2.03        | 2,069   | 1.88   |
| March   | 2,204        | 2.00        | 2,180        | 2.04        | 2,046   | 1.84   |
| April   | 2,210        | 1.97        | 2,169        | 2.08        | 2,040   | 1.88   |
| May   | 2,213        | 2.00        | 2,137        | 2.09        | 2,019   | 1.85   |
| June  | 2,220        | 1.96        | 2,130        | 2.09        | 1,990   | 1.79   |
| July  | 2,220        | 1.97        | 2,130        | 2.09        | 1,990   | 1.74   |
| August  | 2,220        | 1.99        | 2,130        | 2.08        | 1,990   | 1.69   |
| September   | 2,220        | 2.05        | 2,215        | 2.06        | 2,004   | 1.70   |
| October   | 2,222        | 2.09        | 2,076        | 1.96        | 2,019   | 1.75   |
| November  | 2,183        | 2.15        | 2,088        | 1.91        | na      | na     |
| December  | 2,180        | 2.06        | 2,073        | 1.88        | na      | na     |
| <b>Average</b>  | <b>2,208</b> | <b>2.02</b> | <b>2,133</b> | <b>2.03</b> | na      | na     |

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

| Korea: Monthly Retail Price of Milled Rice<br>(High Quality) |              |             |              |             |         |        |
|--|--------------|-------------|--------------|-------------|---------|--------|
| Month\Year   | CY 2013      |             | CY 2014      |             | CY 2015 |        |
|  | Won/Kg       | USD/Kg      | Won/Kg       | USD/Kg      | Won/Kg  | USD/Kg |
| January  | 2,311        | 2.17        | 2,321        | 2.18        | 2,277   | 2.09   |
| February   | 2,325        | 2.14        | 2,323        | 2.17        | 2,263   | 2.06   |
| March  | 2,329        | 2.12        | 2,307        | 2.16        | 2,252   | 2.03   |
| April  | 2,341        | 2.09        | 2,293        | 2.20        | 2,211   | 2.04   |
| May  | 2,331        | 2.10        | 2,289        | 2.24        | 2,239   | 2.05   |
| June   | 2,340        | 2.06        | 2,275        | 2.23        | 2,243   | 2.02   |
| July   | 2,334        | 2.07        | 2,245        | 2.20        | 2,225   | 1.95   |
| August   | 2,341        | 2.10        | 2,236        | 2.18        | 2,218   | 1.88   |
| September  | 2,340        | 2.16        | 2,262        | 2.19        | 2,241   | 1.90   |
| October  | 2,343        | 2.20        | 2,320        | 2.19        | 2,252   | 1.95   |
| November   | 2,346        | 2.31        | 2,301        | 2.10        | na      | na     |
| December   | 2,336        | 2.21        | 2,283        | 2.07        | na      | na     |
| <b>Average</b>   | <b>2,335</b> | <b>2.13</b> | <b>2,288</b> | <b>2.17</b> | na      | na     |

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

| Korea: Foreign Exchange Rate<br>(Korean Won against USD) |         |         |         |
|--|---------|---------|---------|
| Month  | CY 2013 | CY 2014 | CY 2015 |
| January  | 1,065   | 1,065   | 1,087   |
| February   | 1,086   | 1,072   | 1,099   |
| March  | 1,102   | 1,070   | 1,112   |
| April  | 1,121   | 1,044   | 1,086   |
| May  | 1,109   | 1,024   | 1,091   |
| June   | 1,135   | 1,019   | 1,112   |
| July   | 1,126   | 1,020   | 1,143   |
| August   | 1,116   | 1,025   | 1,177   |
| September  | 1,084   | 1,034   | 1,182   |
| October  | 1,065   | 1,059   | 1,157a/ |

|          |       |       |    |
|----------|-------|-------|----|
| November | 1,016 | 1,095 | na |
| December | 1,056 | 1,102 | na |
| Average  | 1,094 | 1,052 | na |

Source: Global Financial Service  
a/ October 1-19, 2015